

Exhibit 1

Novacon LLC Security Agreement with attached Depreciation
with Schedule (Dated May 30, 2003)

SECURITY AGREEMENT

Date: May 30, 2003

Novacon, L.L.C., an Illinois Limited Liability Company with its principal place of business located at 500 Skokie Blvd., Suite 280, Northbrook, Illinois, ("Debtor"), for valuable considerations, receipt whereof is hereby acknowledged, hereby grants to Novacon Holdings, L.L.C., an Illinois Limited Liability Company ("Lender"), with its principal place of business located at 1895 Rohlwing Road, Suite B, Rolling Meadows, Illinois ("Secured Party"), a security interest in the following property and any and all substitutions therefore and replacements thereof and any and all additions and accessions thereto (the "Collateral"):

1. THE COLLATERAL

- A. All currently owned or subsequently acquired goods, inventory, furniture, fixtures, office equipment, printed matter and supplies, all telecommunications equipment including, but not limited to, those assets listed on the attached company depreciation schedules dated December 31, 2002 and any subsequent additions up to and including May 30, 2003, and any additions thereto;
- B. All currently owned or subsequently acquired trademarks, customers contracts, vendor contracts, customer list, all interconnection agreements now in force or which may be entered into subsequent to the date of this Security Agreement, all licences including, but not limited to, the license granted to Debtor by the Illinois Commerce Commission certified in document number 99-0672 to provide telecommunication services, and all other agreements now in force or as may be entered into by Debtor subsequent to the date of this Security Agreement;
- C. All of Debtor's currently owned or subsequently acquired accounts, contract rights, receivables, notes, drafts, acceptances, instruments and chattel paper now owned by Debtor as well as any and all thereof that may be hereafter acquired by Debtor, and in and to all returned or repossessed goods arising from or relating to any contract rights, accounts, or other proceeds of any sale or other disposition of inventory, including without limitation all receivables from time to time outstanding (collectively, "Receivables")

- D. All of Debtor's general intangibles including without limitation all payment intangibles and factory holdback receivables from time to time outstanding and all intangible personal property of whatsoever kind or nature now owned by Debtor as well as any and all thereof that may be hereafter acquired and in and to all proceeds thereof.
- E. All currently owned or subsequently acquired commercial tort claims; and
- F. All proceeds of all of the foregoing.

2. POSSESSION OF THE COLLATERAL

Until default, Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement or with the terms or conditions of any policy of insurance thereon and may also sell or otherwise dispose of the inventory in the ordinary course of business. A sale in the ordinary course of business does not include a transfer in partial or total satisfaction of debt.

3. THE OBLIGATIONS

The security interest herein granted is to secure the payment of all of Debtor's obligations under a promissory note or notes of Debtor of even date herewith, and also any and all other indebtedness, liabilities, and obligations of Debtor to Secured Party incurred for business purposes, whether direct or indirect, absolute or contingent, due or to become due, secured or unsecured, now existing or hereafter arising, whether or not of the nature contemplated at the date hereof.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS

Debtor represents, warrants and covenants as follows:

- A. Except for the security interest granted hereby, Debtor has, or in the case of after-acquired Collateral, will have, good and marketable title to the Collateral free from any adverse lien, security interest or encumbrance; and that Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein;
- B. All warranties, representations, statements and other information furnished to Secured Party by or on behalf of Debtor are or will be when the same are made or furnished accurate and complete in all material respects;
- C. The Collateral is or will be kept and located at the above address, and Debtor will give Secured Party 15 days' prior written notice of any change in addition to or discontinuance of the location where the Collateral is kept and

that Debtor will not remove any of the Collateral from any location with Secured Party's prior written consent;

- D. If the Collateral or any part thereof is attached to real estate, prior to the perfection of the security interest granted hereby, Debtor will, upon demand of Secured Party, furnish Secured Party with a disclaimer or disclaimers satisfactory to Secured Party and signed by all parties having an interest in such real estate;
- E. No financing statement covering any Collateral or any proceeds thereof is on file in any public office and that, at the request of Secured Party, Debtor will join with Secured Party in executing one or more financing statements pursuant to the Uniform Commercial Code in form satisfactory to Secured Party and will pay the cost of filing the same in all public offices wherever filing is deemed by Secured Party to be necessary or desirable;
- F. Debtor will not sell, offer to sell, or otherwise transfer the Collateral (except inventory sold in the ordinary course of business) or any interest therein without Secured Party's prior written consent;
- G. Debtor shall have and maintain insurance at all times with respect to all Collateral against risks of fire and such other risks customarily insured against by others engaged in similar business to that of Debtor. Such insurance shall be payable to Secured Party as its interest may appear. Debtor shall furnish to Secured Party certificates or other evidence satisfactory to Secured Party of compliance with these insurance requirements. If any proceeds under any insurance policies are paid to Secured Party while any obligations are outstanding, Secured Party may apply such proceeds to the payment of such obligations or release such proceeds to Debtor for the purpose of replacing the lost, damaged, or destroyed Collateral with respect to which such proceeds were paid. Debtor has the right of free choice in the selection of the agent and insurer through or by which insurance required hereunder is to be placed;
- H. Debtor shall keep the Collateral free from any adverse lien, security interest, or encumbrance and in good order and repair and will not waste or destroy the Collateral; and that the Secured Party may examine and inspect the Collateral at any time, wherever located;
- I. Debtor shall pay promptly when due all taxes and assessments upon the Collateral or for its use or operation.

5. **TAXES, ASSESSMENTS AND GOVERNMENTAL CHANGES**

Secured Party may discharge taxes, liens or security interests, or other

encumbrances at any time levied or placed upon the Collateral, may pay for insurance on the Collateral, and may pay for the maintenance and preservation of Collateral. Any payment made or expense incurred by Secured Party pursuant to this provision shall be payable on demand and shall be secured by this Agreement.

6. **MISCELLANEOUS PROVISIONS**

- A. The provisions of this Agreement may be amended, or compliance with this Agreement waived at any time only by the written agreement of Secured Party and Debtor.
- B. Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as Secured Party may reasonably require for the purpose of more complete vesting in and assuring to Secured Party its rights hereunder in or to the Collateral.
- C. Any notice or demand which may be any provision of this Agreement is required or provided to be given shall be deemed to have been sufficiently given or served for all purposes by being sent by certified mail, return receipt requested, postage prepaid, to Debtor and/or Secured Party at the address for each as mentioned above.
- D. All rights of Secured Party hereunder shall insure to the benefit of its successors and assigns and all obligations of the Debtor hereunder shall be obligations of its successors and assigns; provided, that no assignment by Debtor shall release its liability hereunder.
- E. This Security Agreement and all of the rights, remedies and duties of Secured Party and Debtor shall be governed by the laws of the State of Illinois.
- F. A photographic or other reproduction of this Security Agreement or of any financing statement signed by Debtor is sufficient as a financing statement.
- G. To the extent permitted by applicable law, Secured Party may execute and file any financing statement which it may, in its discretion, file to perfect its security interest.

8. **EVENTS OF DEFAULT**

Debtor shall be in default under this Agreement if any of the following events occur:

- A. Default by Debtor in payment or performance of any obligation, covenant or agreement contained or referred to herein, or in any other agreement

between the parties, or in any note secured hereby or thereby;

- B. Breach by Debtor of any representation or warranty contained herein or in any other agreement between the parties or in any note secured hereby or thereby;
- C. The acceleration of the maturity of any indebtedness of Debtor to others under any indenture, agreement or undertaking;
- D. Substantial loss, theft, damage, destruction or encumbrance of any of the Collateral;
- E. The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Debtor in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Debtor or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 30 consecutive days.
- F. The commencement by Debtor of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of Debtor or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of Debtor generally to pay its debts as such debts become due, or the taking of corporate action by Debtor in furtherance of any of the foregoing.

8. **REMEDIES**

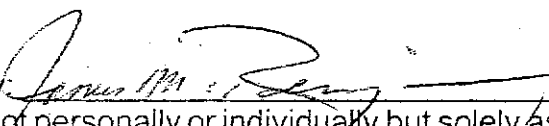
If any of the events of default specified herein shall occur, then in such event and at any time thereafter Secured Party may declare all obligations secured hereby to be immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived. Secured Party, in addition to such other rights and remedies as are or may be set forth in this Agreement and in any other agreement between the parties or in any note secured hereby or thereby, may exercise and shall have the rights and remedies of a Secured Party under the Uniform Commercial Code in effect in Illinois at the date of this Agreement including the right to collect receivables. Secured Party may exercise its rights hereunder without giving Debtor any opportunity for hearing to be held before Secured Party, through judicial process or otherwise, takes possession of the Collateral upon the occurrence of any event of default and Debtor expressly waives the right, if any, to such prior hearing. Secured Party may

require Debtor to assemble the Collateral and make it available to Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give Debtor reasonable notice of time and place of any public sale thereof or the time after which any private sale or any other intended disposition thereof is to be made. The requirement of reasonable notice shall be met if notice is mailed, postage prepaid, to Debtor at its above-mentioned address, at least ten days before the time of sale or disposition of the Collateral. Debtor shall pay to Secured Party, on demand, any and all expenses, including all reasonable attorneys' fees, and other expenses, incurred or paid by Secured Party in protecting or enforcing its rights, powers, and remedies hereunder or under any other agreement between the parties, or under any note secured hereby or thereby, or in any way connected with any proceeding or action by whomsoever initiated concerning the protection or enforcement thereof.

No delay in taking any action with respect to any event of default shall affect the rights of Secured Party later to take such action with respect thereto and no waiver by Secured Party of any default shall operate as a waiver of any other default, or the same default on a future occasion.

Executed and delivered as of the date first above written.

NOVACON, L.L.C.

By:  *Member*
(Not personally or individually but solely as a member of
this Limited Liability Company with authority to bind the
company to this obligation)

STATE OF ILLINOIS

)

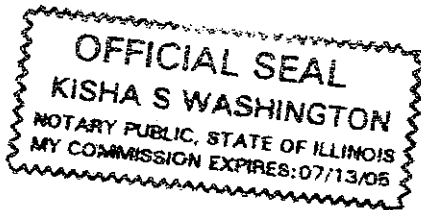
) SS

COUNTY OF COOK

)

I, Kisha S. Washington, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that James Rennie appeared before me this day in person and acknowledged that he signed and sealed the said instrument as his own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this 30th day of May, 2003.



Kisha S. Washington
Notary Public

c:\mydocuments\masterforms\SecurityAgreement

t	Purchase		Depr MAC		Depreciation			Remaining
	Date	Description	Life Meth	Con Hisc	Cost	Basis	Prior Current Total	Basis
32	02/15/00	FILE DRAWER	10.0 M-Reg MQ		218	218	74 29 103	115
41	03/01/00	COMPUTER - OFFICE	5.0 M-Reg MQ		1,492	1,492	910 233 1,143	349
42	04/01/00	COMPUTER - OFFICE	5.0 M-Reg MQ		1,581	1,581	659 285 1,154	427
43	04/21/00	PRINTER - OFFICE	5.0 M-Reg MQ		686	686	378 123 501	185
00	04/21/00	COMPUTER CASE	5.0 M-Reg MQ		312	312	172 56 228	84
44	08/31/00	COMPUTER EQUIPMENT - OFFICE	5.0 M-Reg MQ		1,153	1,153	565 235 800	353
33	10/19/00	OFFICE FURNITURE	10.0 M-Reg MQ		18,292	18,292	4,024 2,854 6,878	11,414
46	11/30/00	COMPUTER EQUIPMENT - OFFICE	5.0 M-Reg MQ		2,262	2,262	973 516 1,489	773
45	11/30/00	PRINT SERVER - OFFICE	5.0 M-Reg MQ		619	619	266 141 407	212
34	11/30/00	DISHWASHER	10.0 M-Reg MQ		653	653	143 102 245	408
35	11/30/00	OFFICE FURNITURE	10.0 M-Reg MQ		957	957	211 149 360	597
36	12/01/00	CHAIRS	10.0 M-Reg MQ		1,764	1,764	388 275 663	1,101
47	12/01/00	PAX MACHINE	5.0 M-Reg MQ		610	610	263 139 402	208
48	12/06/00	PHONE SYSTEM	10.0 M-Reg MQ	S	4,344	4,344	956 424 1,380	2,964
49	12/12/00	COMPUTER	5.0 M-Reg MQ		1,651	1,651	710 376 1,086	565
37	12/13/00	PEDESTAL FILE DRAWER	10.0 M-Reg MQ		1,448	1,448	318 226 544	904
38	12/14/00	OFFICE FURNITURE	10.0 M-Reg MQ		3,250	3,250	715 507 1,222	2,028
50	12/14/00	COPIER	10.0 M-Reg MQ		1,000	1,000	220 156 376	624
52	12/18/00	COMPUTER EQUIPMENT	5.0 M-Reg MQ		996	996	428 227 655	341
51	12/18/00	MONITORS	5.0 M-Reg MQ		380	380	163 67 250	130
39	12/20/00	TABLE TOPS	10.0 M-Reg MQ		722	722	159 113 272	450
53	12/30/00	MONITORS	5.0 M-Reg MQ		1,380	1,380	593 315 908	472
40	12/30/00	COFFEE MAKER	10.0 M-Reg MQ		500	500	111 78 189	311
04	01/25/01	OFFICE FURNITURE	7.0 M-Reg HY		26,845	26,845	3,836 6,574 10,410	16,435
Subtotal for Asset acct# 15000					68,771	68,771	16,489 14,220 30,285	38,486
05	01/30/01	COMPUTER	5.0 M-Reg HY		2,183	2,183	427 699 1,136	1,047
06	02/06/01	171	5.0 M-Reg HY		1,838	1,838	360 588 956	882
07	02/22/01	COMPUTER	5.0 M-Reg HY		3,253	3,253	651 1,041 1,692	1,561
08	03/01/01	COMPUTER	5.0 M-Reg HY		1,220	1,220	244 390 634	586
09	03/07/01	COMPUTER	5.0 M-Reg HY		3,693	3,693	739 1,182 1,921	1,772
110	03/20/01	COMPUTER	5.0 M-Reg HY		1,331	1,331	266 426 692	639
111	05/01/01	COMPUTER	5.0 M-Reg HY		1,537	1,537	307 492 799	738

NOVACON LLC
Federal Depreciation Report
Tax Year 01/01/02 - 12/31/02

Asset	Purchase	Date	Description	Depreciation	Life	Cost	Base	Exp	Current	Total	Remaining
-------	----------	------	-------------	--------------	------	------	------	-----	---------	-------	-----------

112	08/07/01	COMPUTER	5.0 M-Reg NY	1,090	218	349	587	523			
-----	----------	----------	--------------	-------	-----	-----	-----	-----	--	--	--

Subtotal for Asset acc# 15100

16,145	16,145	3,230	5,161	8,397	7,148
--------	--------	-------	-------	-------	-------

113 12/31/01 BACKUP POWER

5.0 M-Reg NY B

2,370	1,659	1,043	531	1,574	796
-------	-------	-------	-----	-------	-----

Subtotal for Asset acc# 15110

2,370	1,659	1,043	531	1,574	796
-------	-------	-------	-----	-------	-----

10	01/15/97	NAME AND NEWS SERVERS	5.0 M-Reg NY	14,344	14,344	13,291	1,053	14,344	0		0
1	01/15/97	ROUTING EQUIPMENT	5.0 M-Reg NY	11,202	11,202	10,379	823	11,202	0		0
2	01/15/97	COMPUTERS	5.0 M-Reg NY	10,321	10,321	9,563	758	10,321	0		0
15	01/16/97	FORM BACKUP	5.0 M-Reg NY	948	948	878	70	948	0		0
11	05/15/97	NAME AND NEWS SERVERS	5.0 M-Reg NY	1,914	1,914	1,773	141	1,914	0		0
3	05/15/97	ROUTING EQUIPMENT	5.0 M-Reg NY	5,159	5,159	4,817	342	5,159	0		0
12	06/15/97	COMPUTERS	5.0 M-Reg NY	6,000	6,000	5,559	441	6,000	0		0
13	07/15/97	NAME AND NEWS SERVERS	5.0 M-Reg NY	3,476	3,476	3,221	255	3,476	0		0
4	08/15/97	ROUTING EQUIPMENT	5.0 M-Reg NY	1,336	1,336	1,238	98	1,336	0		0
14	08/15/97	NAME AND NEWS SERVERS	5.0 M-Reg NY	6,611	6,611	6,125	486	6,611	0		0
5	09/15/97	ROUTING EQUIPMENT	5.0 M-Reg NY	218	218	202	16	218	0		0
6	10/15/97	ROUTING EQUIPMENT	5.0 M-Reg NY	3,751	3,751	3,475	276	3,751	0		0
7	11/15/97	ROUTING EQUIPMENT	5.0 M-Reg NY	2,941	2,941	2,725	216	2,941	0		0
8	12/15/97	ROUTING EQUIPMENT	5.0 M-Reg NY	10,425	10,425	9,658	766	10,425	0		0
9	12/15/97	COMPUTERS	5.0 M-Reg NY	130	130	120	10	130	0		0
17	12/31/97	ROUTING EQUIPMENT	5.0 M-Reg NY	789	789	731	58	789	0		0
19	01/20/98	COMPUTER	5.0 M-Reg NY	1,797	1,797	1,488	207	1,693	104		104
18	06/10/98	ROUTING EQUIPMENT	5.0 M-Reg NY	39,856	39,856	32,968	4,591	37,559	2,297		2,297
20	06/30/98	NAME & NEWS SERVICE	5.0 M-Reg NY	2,131	2,131	1,762	245	2,007	124		124
21	06/30/98	BACKUP POWER	5.0 M-Reg NY	5,433	5,433	4,455	626	5,121	312		312
21	07/15/98	NAME & NEWS SERVER	5.0 M-Reg NY	487	487	403	56	459	28		28
22	08/15/98	ROUTING EQUIPMENT	5.0 M-Reg NY	29,198	29,198	24,153	3,364	27,517	1,681		1,681
23	09/03/98	NAME AND NEWS SERVER	5.0 M-Reg NY	1,545	1,545	1,278	178	1,456	89		89
24	09/03/98	OFFICE EQUIPMENT	7.0 M-Reg NY	2,190	2,190	1,506	196	1,702	488		488
25	10/29/98	BACKUP POWER	5.0 M-Reg NY	300	300	248	35	284	16		16

05/30/03

NOVACON

NOVACON LLC

Federal Depreciation Report

Tax year 01/01/02 - 12/31/02

Page 3

36-4140152

Asset #	Purchase Date	Description	Depr Life	MAC Meth	Cost	Basis	Prior	Current	Total	Remaining Basis	
26	11/06/98	OFFICE EQUIPMENT	5.0	M-Reg	KY	1,600	1,600	1,323	184	1,507	93
27	11/18/98	ROUTING EQUIPMENT	5.0	M-Reg	RY	4,857	4,857	4,018	560	4,578	279
28	11/24/98	NAME AND NEWS SERVER	5.0	M-Reg	RY	1,605	1,605	1,328	185	1,513	92
29	11/24/98	OFFICE EQUIPMENT	7.0	M-Reg	KY	1,357	1,357	932	121	1,053	304
30	11/30/98	OFFICE EQUIPMENT	7.0	M-Reg	KY	1,633	1,633	1,123	146	1,269	364
31	07/01/99	ROUTING EQUIPMENT	5.0	M-Reg	KY	97,513	97,513	69,429	11,233	80,662	16,851
59	01/07/00	INTEL ROUTER	5.0	M-Reg	MQ	1,181	1,181	720	184	904	277
60	01/25/00	CISCO 7200	5.0	M-Reg	MQ	820	820	500	128	628	192
61	02/01/00	CPE EQUIPMENT	5.0	M-Reg	MQ	2,079	2,079	1,269	324	1,593	486
62	02/07/00	EXPRESS ROUTER	5.0	M-Reg	MQ	1,810	1,810	1,105	282	1,387	423
63	02/07/00	INTEL ER1802	5.0	M-Reg	MQ	265	265	162	41	203	62
54	02/15/00	GENERATOR	5.0	M-Reg	MQ	315	315	192	49	241	74
64	02/22/00	CISCO 24PT	5.0	M-Reg	MQ	1,571	1,571	958	245	1,203	368
96	02/23/00	POWER EDGE SERVER	5.0	M-Reg	MQ	4,294	4,294	2,619	670	3,289	1,005
65	02/29/00	CISCO 7200	5.0	M-Reg	MQ	820	820	500	128	628	192
66	03/01/00	CPE EQUIPMENT CHARGE	5.0	M-Reg	MQ	1,532	1,532	934	239	1,173	359
67	03/01/00	CPE EQUIPMENT CHARGE	5.0	M-Reg	MQ	1,229	1,229	780	192	942	287
55	03/02/00	BATTERY PACKS	5.0	M-Reg	MQ	8,377	8,377	5,110	1,307	6,417	1,960
68	03/20/00	ADTRAN TV	5.0	M-Reg	MQ	462	462	282	72	354	108
70	04/01/00	CPE EQUIPMENT	5.0	M-Reg	MQ	3,156	3,156	1,736	568	2,304	852
69	04/01/00	CPE EQUIPMENT	5.0	M-Reg	MQ	554	554	305	100	405	149
97	04/12/00	POWER EDGE SERVER	5.0	M-Reg	MQ	3,390	3,390	1,865	610	2,475	915
71	04/18/00	ADTRAN T1	5.0	M-Reg	MQ	462	462	255	83	338	124
72	04/24/00	ROUTING EQUIPMENT	5.0	M-Reg	MQ	1,810	1,810	996	326	1,322	488
73	04/25/00	NETOPIA T1	5.0	M-Reg	MQ	1,025	1,025	564	185	749	276
74	05/03/00	CISCO ETHERNET MODULAR	5.0	M-Reg	MQ	1,463	1,463	805	263	1,068	395
75	05/17/00	ROUTING EQUIPMENT	5.0	M-Reg	MQ	1,321	1,321	726	238	964	357
76	05/18/00	ROUTING EQUIPMENT	5.0	M-Reg	MQ	3,814	3,814	2,098	687	2,785	1,029
56	05/19/00	HEGA 6500 SYSTEM	5.0	M-Reg	MQ	1,425	1,425	784	257	1,041	384
77	06/01/00	CPE EQUIPMENT	5.0	M-Reg	MQ	379	379	209	58	277	102
98	06/02/00	POWER EDGE SERVER	5.0	M-Reg	MQ	3,696	3,696	2,033	665	2,698	998
78	07/01/00	CPE EQUIPMENT	5.0	M-Reg	MQ	2,807	2,807	1,375	573	1,948	859
99	07/20/00	SWITCH	5.0	M-Reg	MQ	488	488	239	100	339	148
79	08/04/00	INTEL 9100 EXPRESS ROUTER	5.0	M-Reg	MQ	250	250	123	51	174	76
80	08/16/00	WEB RAMP (55X0	5.0	M-Reg	MQ	655	655	323	134	455	200

05/30/03
NOVACON

NOVACON LLC
Federal Depreciation Report
Tax year 01/01/02 - 12/31/02

Page 4
36-4140152

Asset #	Purchase Date	Description	Depr Life	MAC Meth	Cost	Basis	Prior	Current	Total	Remaining Basis
81	08/17/00	CISCO IPT	5.0	M-Reg MQ	339	339	166	69	235	104
82	09/01/00	CPE EQUIPMENT CHARGE	5.0	M-Reg MQ	2,310	2,310	1,132	471	1,603	707
83	09/07/00	COMPUTER EQUIPMENT	5.0	M-Reg MQ	688	688	337	140	477	211
84	09/26/00	EDGE LINK 100	5.0	M-Reg MQ	4,732	4,732	2,319	965	3,284	1,448
85	10/01/00	CPE EQUIPMENT CHARGE	5.0	M-Reg MQ	3,395	3,395	1,460	774	2,234	1,161
86	10/03/00	1 PORT T3 SERIAL PORT	5.0	M-Reg MQ	7,999	7,999	3,440	1,824	5,264	2,735
80	11/01/00	CPE EQUIPMENT CHARGE	5.0	M-Reg MQ	1,436	1,436	616	327	945	491
87	11/01/00	16PORT PANEL UNIX BOARD	5.0	M-Reg MQ	670	670	289	153	442	228
93	11/14/00	FIREBOX	5.0	M-Reg MQ	3,244	3,244	1,395	740	2,135	1,109
57	11/17/00	BATTERY PACKS	5.0	M-Reg MQ	5,878	5,878	2,528	1,340	3,868	2,010
58	11/24/00	BATTERY PACKS	5.0	M-Reg MQ	4,601	4,601	1,978	1,049	3,027	1,574
89	11/30/00	VOICE ROUTER	5.0	M-Reg MQ	7,990	7,990	3,436	1,822	5,258	2,732
102	12/01/00	CPE EQUIPMENT	6.0	M-Reg MQ	678	678	292	155	447	231
103	12/08/00	ROUTING EQUIPMENT	5.0	M-Reg MQ	993	993	427	226	653	340
90	12/18/00	MULTISERVICE ROUTER	5.0	M-Reg MQ	1,275	1,275	549	291	840	435
92	12/19/00	MULTI CHANNEL T1 PORT	5.0	M-Reg MQ	6,419	6,419	2,760	1,464	4,224	2,195
91	12/19/00	DESKTOP LAN SWITCH	5.0	M-Reg MQ	2,256	2,256	970	514	1,484	772
122	01/16/01	ROUTERS	5.0	M-Reg HY	2,953	2,953	591	945	1,536	1,417
114	01/25/01	ROUTERS	5.0	M-Reg HY	4,220	4,220	844	1,350	2,194	2,026
115	01/30/01	ROUTERS	5.0	M-Reg HY	678	678	136	217	353	325
123	02/06/01	ROUTERS	5.0	M-Reg HY	466	466	93	149	242	224
116	03/07/01	ROUTERS	5.0	M-Reg HY	3,049	3,049	610	976	1,586	1,463
117	04/17/01	ROUTERS	5.0	M-Reg HY	2,315	2,315	463	741	1,204	1,111
118	05/22/01	ROUTERS	5.0	M-Reg HY	314	314	63	100	163	151
124	07/01/01	ROUTERS	5.0	M-Reg HY	25,047	25,047	5,009	8,015	13,024	12,023
119	07/19/01	ROUTERS	5.0	M-Reg HY	1,348	1,348	270	431	701	547
120	07/30/01	ROUTERS	5.0	M-Reg HY	1,340	1,340	268	429	697	543
121	10/31/01	ROUTERS	5.0	M-Reg HY B	1,784	1,249	785	400	1,185	599
126	02/04/02	ROUTER	5.0	M-Reg HY B	2,513	1,759	0	1,106	1,106	1,407
127	06/30/02	CISCO ROUTER	5.0	M-Reg HY RE	44,197	14,139	0	32,887	32,887	11,310
Subtotal for Asset acct# 15120					467,684	436,336	282,972	96,615	379,587	89,097
94	11/22/00	DATA CABLE	39.0	M-Reg MM	6,400	6,400	185	164	349	5,051

05/30/03

NOVACON

NOVACON LLC

Federal Depreciation Report

Tax year 01/01/02 - 12/31/02

Page 3

36-4140152

Asset	Purchase		Depr	MAC			Depreciation			Remaining		
#	Date	Description	Life	Meth	Con	Misc	Cost	Basis	Prior	Current	Total	Basis
101	12/08/00	DATA CABLE	39.0	M-Reg	MM		326	326	8	8	16	310
95	12/27/00	DATA CABLE	39.0	N-Reg	MM		412	412	11	11	22	399
125	01/01/01	LEASEHOLD IMPROVEMENTS	39.0	M-Reg	MM		1,238	1,238	30	32	62	1,176
Subtotal for Asset acct# 15200							8,376	8,376	234	215	449	7,927
Total for all assets (SEE NOTE **)							563,346	531,287	303,968	126,748	420,292	143,054

Total number of assets = 127

Current year Section 179 and 30% Bonus Depr

Asset #	Purchase Date	Description	Federal		
			Cost	Section 179	30% Bonus
126	02/04/02	ROUTER	2,513	0	754
127	06/30/02	CISCO ROUTER	44,197	24,000	6,059
			46,710	24,000	6,813

Description of codes in Misc column:

F=Farm prop L=Listed prop A=Luxury auto E=sect 179 O=Override R=Indian reser prop C=ITC basis reduction S=Sold T=Traded D=Disposed I=Installment P=Prior short yr
 K=Like Kind Exchange B=30% Depr Bonus

** NOTE: Totals exclude assets marked as sold with the exception of current depreciation.